ProAssurance
Treated Fairly

2013
SUMMARY ANNUAL REPORT

Ahead of the Curve

Financial Highlights

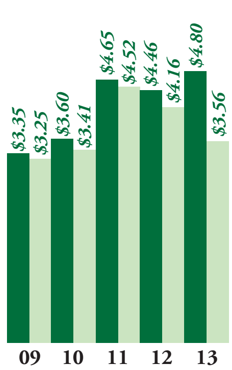
(IN THOUSANDS)

	FISCAL YEARS ENDED DECEMBER 31,				
	2013	**2012**	**2011**	**2010**	**2009**
Income Statement Highlights[1]					
Gross premiums written	*$ 567,547*	*$ 536,431*	*$ 565,895*	*$ 533,205*	*$ 553,922*
Net premiums earned	*$ 527,919*	*$ 550,664*	*$ 565,415*	*$ 519,107*	*$ 497,543*
Total revenues	*$ 740,178*	*$ 715,854*	*$ 716,784*	*$ 692,065*	*$ 672,683*
Net losses and loss adjustment expenses	*$ 224,761*	*$ 179,913*	*$ 162,287*	*$ 221,115*	*$ 231,068*
Net income[2]	*$ 297,523*	*$ 275,470*	*$ 287,096*	*$ 231,598*	*$ 222,026*
Operating income[3]	*$ 221,097*	*$ 257,238*	*$ 278,514*	*$ 219,457*	*$ 215,210*
Balance Sheet Highlights					
Total investments	*$3,941,045*	*$3,926,902*	*$4,090,541*	*$3,990,431*	*$3,838,222*
Total assets	*$5,150,891*	*$4,876,578*	*$4,998,878*	*$4,875,056*	*$4,647,414*
Reserve for losses and loss adjustment expenses	*$2,072,822*	*$2,054,994*	*$2,247,772*	*$2,414,100*	*$2,422,230*
Long-term debt	*$ 250,000*	*$ 125,000*	*$ 49,687*	*$ 51,104*	*$ 50,203*
Total liabilities	*$2,756,477*	*$2,605,998*	*$2,834,425*	*$3,019,193*	*$2,942,819*

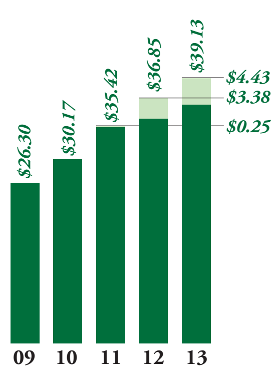
(1) Includes acquired entities since date of acquisition only.

(2) Includes a gain on acquisition of $32.3 million for the year ended December 31, 2013 and a loss on extinguishment of debt of $2.2 million and $2.8 million for the years ended December 31, 2012 and 2009, respectively.

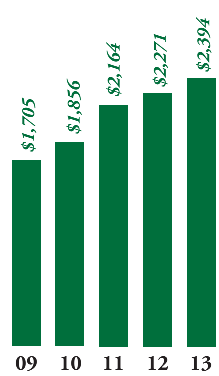
(3) A reconciliation of Operating Income to GAAP is provided in Appendix A to the ProAssurance Form 10-K included with this mailing to shareholders.



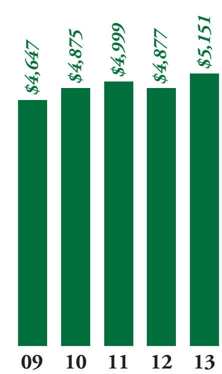
Net income per diluted share[1]
Operating income per diluted share[2]



Book value per share[1][3]
Dividends declared [1]



Shareholders' Equity (in millions)



Assets (in millions)

(1) For all periods presented, share and per share amounts reflect the effect of the two-for-one stock split effected in the form of a stock dividend that was effective December 27, 2012.
(2) A reconciliation of Operating Income to GAAP is provided in Appendix A to the ProAssurance Form 10-K included with this mailing to shareholders.
(3) Total capital per share of common stock outstanding.

Ahead of the Curve

ProAssurance remains ahead of the curve by consistently creating value for our shareholders and ensuring the security of our insureds.

Since our founding in 1976, ProAssurance has responded to the insurance needs of our customers, and we have evolved to ensure that we have the capacity and capability to address new risks as they emerge. Our evolution has seen us grow into a healthcare-centric specialty insurance holding company with international reach. With a foundation of unquestioned financial strength, we continue to serve our insureds through innovation and dedication. We are ahead of the curve.

ProAssurance®
Treated Fairly

To My Fellow Shareholders

"In 2013, our relentless execution produced strong results and our customer commitment set us on a solid course for the future."

W. Stancil Starnes
Chairman and Chief Executive Officer

ProAssurance has always been driven to stay ahead of the curve. We understand that we must evolve so that we are best able to meet the needs of our customers—present *and* future—no matter what that future holds.

This long-term view ensures that we are able to serve our customers at their points of need and lays a solid foundation for success across all time horizons. In 2013, our relentless execution produced strong results and our customer commitment set us on a solid course for the future.

Among our financial accomplishments in 2013:

- Record Net Income of $298 million
- Record Shareholders' Equity of $2.4 billion
- Record Total Assets of $5.2 billion, ending the year above $5 billion for the first time in our history
- Record Book Value per share of $39.13

Achieving these results during a time of transition and challenge in our industry is indeed remarkable.

ProAssurance's operational focus was also front and center in 2013 as we achieved a Combined Ratio of 70.6%, a percentage that we believe puts us at an elite level amongst top U.S. Property & Casualty Insurers. Equally important, our operating ratio, which adds the benefit of investment income to the Combined Ratio, was 46.1%.

We were able to increase Gross Premiums Written to $568 million, driven by our successful acquisition strategy and supported by the addition of new business in our existing lines.

Our acquisitions deserve special mention because each demonstrates key points of our acquisition strategy. Independent Nevada Doctors Insurance Company (IND), which was quickly integrated into our existing physicians medical professional liability line, expands our presence in healthcare professional liability (HCPL), and allows us to broaden our geographic reach while increasing our penetration in the important Nevada market. As I discussed in my letter to you last year, Medmarc Casualty Insurance Company (formerly Medmarc Mutual Insurance Company) broadens our ability to cover the wide range of emerging healthcare delivery liability risks and positions us to respond to the broader needs of the larger healthcare market. Each company brought high quality, well-underwritten business into the organization, and each sets the stage for us to serve a greater number of insureds with diverse insurance needs—they are helping keep us ahead of the curve.

Overall the renewal pricing on our HCPL business remained unchanged from the prior year and I believe that speaks to the disciplined operating philosophy that governs ProAssurance's approach to both underwriting and pricing. Our business is built on anticipating the risks our customers will face and addressing those current and future needs at a price that ensures we will be able to keep our insurance promises, no matter when the call comes.

Our business is built on anticipating the risks our customers will face and addressing those current and future needs at a price that ensures we will be able to keep our insurance promises, no matter when the call comes.

We remain dedicated to the idea that the sound application of our strategy not only benefits our insureds, but also allows us to create—and sustain—real, lasting value for our shareholders.

Our shareholders were rewarded in 2013 with a solid Return on Equity of 11.4%, even after excluding a $32 million gain on the Medmarc acquisition. Given the low interest rate environment in which we invest the vast majority of our assets and the competitive forces in our market, we believe this is a result many insurers would envy.

In 2013, we continued to deploy capital in a balanced, shareholder-friendly manner that allowed us to increase our quarterly dividend by 20% to $1.20/year. We have increased our cash dividend in every year since we initiated dividends in 2011. With our latest increase, we have achieved a dividend yield that places us solidly in the top echelon of specialty Property & Casualty insurers in the US.

Shareholders further benefited from our share repurchase program that we believe balances the need to return capital to shareholders and maintain a balance sheet that ensures our policyholders' security while providing us with the means to pursue new opportunities as they present themselves.

We remain dedicated to the idea that the sound application of our strategy not only benefits our insureds, but also allows us to create—and sustain—real, lasting value for our shareholders.

We fortified our balance sheet with the issuance of $250 million in long-term debt in 2013. We did so because the opportunity to add liquidity to our balance sheet on favorable terms gives us additional options as we deploy capital to benefit our shareholders and map our strategic decisions regarding expansion and acquisitions.

Two events in 2013 provide concrete examples of our approach to the rapidly changing future. In September, we announced our acquisition of Eastern Insurance Holdings, Inc. (Eastern) *and* our entry into the international insurance market as the majority capital provider for Syndicate 1729 at Lloyd's of London. Both broaden our ability to respond to the evolving needs of a changing customer base. As you read further in our report to you, you'll see how each fits into our vision for the future along with other strategies for continuing success.

I'd like to close my letter to you by reinforcing that this is a business requiring patience and vision. Patience allows us to avoid short-sighted, market-share focused strategies that weaken our insurance operations. Patience also allows us to avoid the quarter-to-quarter philosophy that impedes long-term strategic thinking.

Vision allows us to prepare for a future where our historical commitment to individual insureds will remain steadfast and our ability to deal with emerging risks across the spectrum of healthcare delivery is unsurpassed. We are confident we have the right vision; and we are constructing a nimble, dynamic, responsive company that can compete no matter what that future may hold.

All of us at ProAssurance thank you for your continued confidence in this Company and for your investment alongside us. Rest assured, the more than 900 employees of ProAssurance are working hard every day to enhance our mutual investment.

W. Stancil Starnes

Chairman and Chief Executive Officer

Evolving

We have pursued a visionary strategy that maximizes our ability to respond to new risks, whenever and wherever they emerge.

To succeed in today's rapidly changing healthcare environment you must be innovative and adaptable and have a clear vision of where you want to go. You need to be ahead of the curve.

Since our founding in 1976 we have endeavored to stay ahead of the curve. In many ways, today's healthcare and insurance climate is just as murky and chaotic as in the seventies when the large multiline insurance companies all but abandoned healthcare professional liability, forcing physicians to fend for themselves. This led to the founding of our Company, and we succeeded in those years because we were ahead of the curve in providing a strong defense of the practice of sound medicine. We have retained that clear vision of what our policyholders require —financial strength, insurance flexibility and a willingness to look beyond today to determine where new risks will emerge.

Staying ahead of the curve led us in 1984 to begin insuring hospitals, a truly revolutionary notion for a physician founded company. In the fullness of time, we know that this ability to insure hospitals, facilities and other consolidating risks is something to which most companies aspire, and few, if any, can match our experience and expertise.

Fast forward to 1991: ProAssurance was again ahead of the curve in converting to a public company. That decision, taken with the confident foresight of the future consolidation of healthcare providers and the insurers serving them, allowed us to expand geographically and provided access to the capital we used to build a balance sheet of unchallenged strength.

In the many mergers and acquisitions that followed, we have brought a number of great companies and their talented employees into ProAssurance and broadened our geographic reach to include all 50 states and the District of Columbia. We have pursued a visionary strategy that maximizes our ability to respond to new risks, whenever and wherever they emerge. The speed with which those new risks are emerging has accelerated in recent years, alongside the race to control costs and enhance access to healthcare. Being ahead of the curve, we saw it coming and have responded.

We see an increasing amount of healthcare being delivered by physician extenders and other ancillary healthcare workers. That was the reason for our acquisition of what is now ProAssurance Mid-Continent Underwriters, a platform through which we insure this ever-expanding class of risk. Podiatric medicine is expanding just as rapidly, as America faces an epidemic of diabetes and obesity that require specialized care of the foot and ankle. Our subsidiary, Podiatry Insurance Company of America (PICA), is by far the leading provider of medical professional liability to podiatric physicians and has played an important role in our growth.

Medmarc brought ProAssurance expertise in medical products and life sciences liability, born of its founding by industry leaders more than two decades ago. Today, Medmarc is an industry thought-leader, providing new coverages in the complex arena of medical products and devices, clinical trials, and life sciences technology that will literally shape and define the future of healthcare. As larger healthcare systems focus on the development and delivery of emerging technologies, Medmarc allows us to serve their growing liability needs by insuring these risks.

As ProAssurance evolves to help our customers meet the insurance challenges they will face, we will be guided by our deep expertise and experience, and also by our dedication to the principles of Treated Fairly.

The trend toward larger, more complex health systems with previously unknown geographic reach is challenging our entire industry. We are responding by ensuring our availability as an attractive M&A partner, and we are also finding new ways to address increasingly complex risks that are emerging as healthcare delivery consolidates. Our *Certitude* program with Ascension Health, the largest not-for-profit healthcare organization in America, is allowing us to bring new business into the organization, while we share risk and develop strategies to mitigate risk and enhance patient care. We have partnered with the Cooperative of American Physicians, Inc., a leading physician-focused organization in California, to address the large group and hospital market in California. Our *CAPAssurance* program utilizes the strength of each organization to address increasingly complex risks and strengthen each organization.

As healthcare organizations grow in size and complexity, they are increasingly searching for ways to make sense of complicated insurance purchasing decisions. We are responding to this desire for insurance purchasing clarity and convenience by developing new coverages and adding complementary lines of insurance.

Effective January 1, 2014, we completed our merger with Eastern Insurance Holdings, Inc., a best-in-class workers' compensation insurer with demonstrated expertise in the healthcare setting. Eastern, like ProAssurance, has proven to be successful in a very challenging long-tail line of insurance. And they have achieved their long-term success in much the same way—by focusing on providing their customers with unique solutions while maintaining the operational discipline that produces sustainable results.

Workers' compensation is one of the key challenges faced by many of our large healthcare policyholders as well as those we see as prospects. Providing workers' compensation and medical professional liability, two very complicated coverages will enhance the desirability of both companies as an insurance partner and will open a wide range of new opportunities as well.

Eastern has also been a leader in providing self-insurance vehicles to address the unique needs of a wide range of risks, many of them in healthcare workers' compensation. There is a real opportunity to leverage the expertise of both companies to bring existing clients' healthcare liability captives into these programs, and we are confident that Eastern's expertise will allow us to expand our captive insurance efforts as well.

KEY STRATEGIES FOR AN EVOLVING MARKET

- Leverage our deep expertise to respond to evolving needs with innovative coverages
- Utilize our broad geographic reach to respond wherever risks arise
- Enhance our unquestioned financial strength to provide secure protection to insureds across the broad spectrum of healthcare

Importantly, the addition of Eastern provides additional diversification for ProAssurance, which enhances our balance sheet and increases our ability to respond to the needs of all we insure.

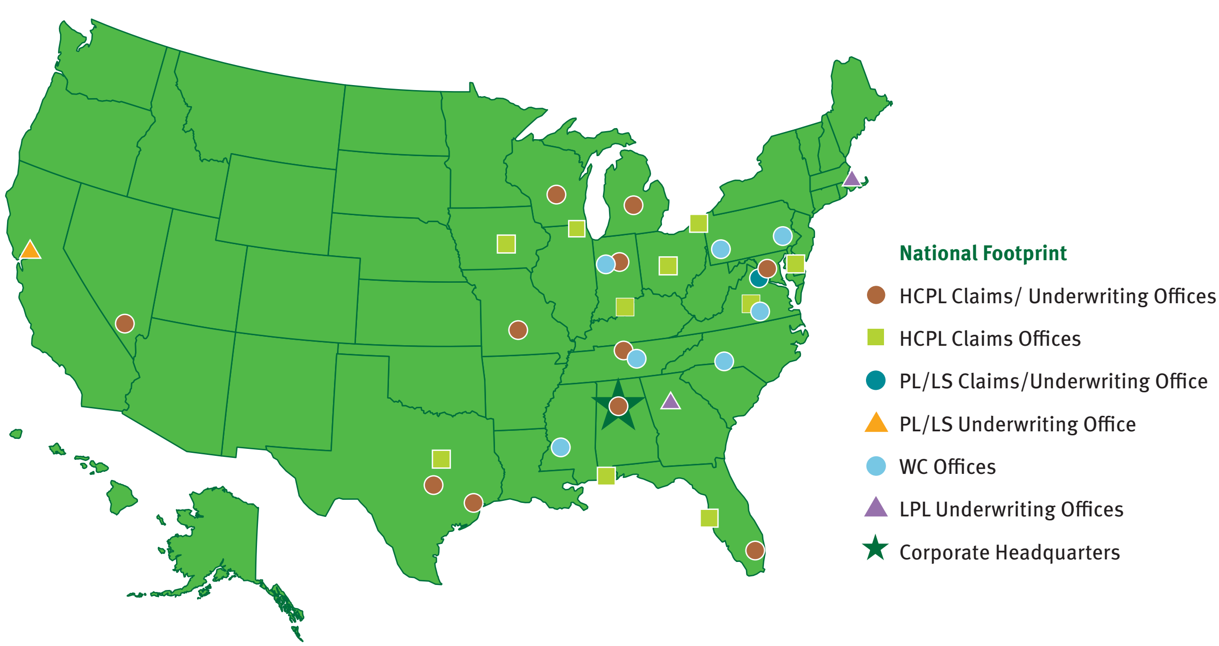
Addressing expanding risks was the key driver of our decision to become the majority capital provider for Syndicate 1729 at Lloyd's of London. Many months in the making, Syndicate 1729 began underwriting effective January 1, 2014. The Syndicate's lead underwriter, Duncan Dale, is highly regarded in the London insurance market and adds credibility to our investment. Healthcare-related professional liability will be a focus of the Syndicate, but it will write a broad range of risk, providing further diversification for us.

We believe the Syndicate will greatly enhance our ability to respond to an international array of healthcare-related risks. This will be especially important given the growing number of countries that are emulating the American civil justice system, thus producing opportunities for a select group of insurers such as ProAssurance. And, in the fullness of time, we expect to see international opportunities in the life sciences and medical technology arena.

As ProAssurance evolves to help our customers meet the insurance challenges they will face, we will be guided by our deep expertise and experience, and also by our dedication to the principles of *Treated Fairly.* This unshakable commitment to a bedrock belief in honest, open communications with all our stakeholders ensures that everything we do upholds the highest commitment to integrity and focuses our attention on the best outcome in every encounter.

We are ready for the future, and while the exact future is unknowable, we know the risks we face with our insureds in the coming years will be vastly different than those we face today. ProAssurance is evolving to help meet those new risks, just as we have been throughout our history. We *will* remain ahead of the curve.

We will remain ahead of the curve.



Board of Directors

Directors	Position	Independence	Committees: Audit	Compensation	Executive	Nominating & Corporate Governance
W. Stancil Starnes, Esq.	Chairman and Chief Executive Officer, ProAssurance	N			C	
Lucian F. Bloodworth	Chairman, Cain Manufacturing Company, Inc.	I	M			M
Samuel A. Di Piazza, Jr.	Chairman, Mayo Clinic Board of Trustees and retired accounting executive	I	M			
Robert E. Flowers, M.D.	Retired Physician	I		C	M	
M. James Gorrie	President and Chief Executive Officer, Brasfield & Gorrie	I		M		
William J. Listwan, M.D.	Practicing Physician and Associate Clinical Professor of Medicine	I				
John J. McMahon, Jr.	Chairman, Ligon Industries	I		M	M	C
Drayton Nabers, Jr., Esq.	Director, Mann Center for Ethics and Leadership	I	C, M, E			
Ann F. Putallaz, Ph.D.	Principal, AFP Consulting, LLC	I	M			
Frank A. Spinosa, D.P.M.	Practicing Podiatrist and Vice President of the American Podiatric Medical Association	I				M
Anthony R. Tersigni, Ed.D., FACHE	President & Chief Executive Officer, Ascension	I	M			
Thomas A. S. Wilson, Jr., M.D.	Practicing Physician	I				M

N = Management, Non-Independent I = Independent M = Member C = Chairman E = Financial Expert

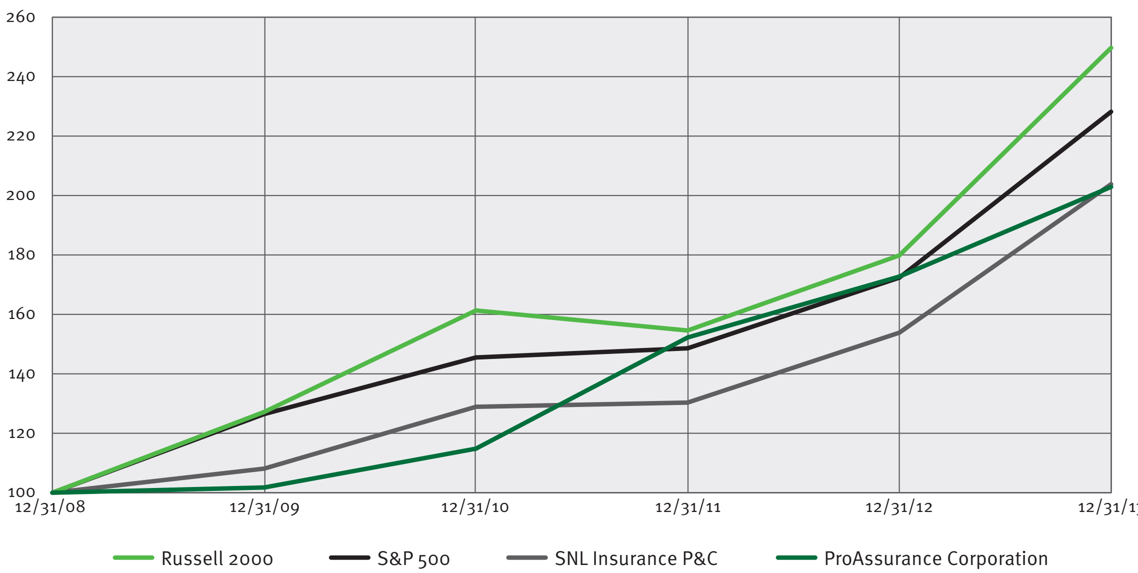
Executive Officers

Executive Officers	Title
Michael L. Boguski, C.P.C.U.	President, Eastern Insurance Holdings, Inc.
Kelly B. Brewer, C.P.A.	Vice-President and Chief Accounting Officer, ProAssurance Corporation
Howard H. Friedman, A.C.A.S., M.A.A.A.	Executive Vice-President, ProAssurance Corporation and President, Healthcare Professional Liability Group
Jeffrey P. Lisenby, Esq.	Executive Vice-President, Corporate Secretary and General Counsel, ProAssurance Corporation
Frank B. O'Neil	Senior Vice-President and Chief Communications Officer, ProAssurance Corporation
Mary Todd Peterson	President, Medmarc Casualty Insurance Company
Edward L. Rand, Jr.	Executive Vice-President and Chief Financial Officer, ProAssurance Corporation
Ross E. Taubman, D.P.M.	President and Chief Medical Officer, Podiatry Insurance Company of America

Stock Price Performance

You may use the following information to compare the market value of our Common Stock with other public companies and public companies in the insurance industry. The graph sets forth the cumulative stockholder return of our stock during the five years ended December 31, 2013, as well as the cumulative stockholder return of overall stock market index (the Russell 2000) and a peer group index (the SNL Property & Casualty Insurance Index) for the five years ended December 31, 2013. We have included the Standard & Poor's 500 Index in this graph because we believe it is a more recognizable broad index and yields a more meaningful comparison for investors given our market capitalization and dividend payout ratio.

Total Return Performance



	Period Ending					
Index	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	**12/31/13**
Russell 2000	100.00	127.17	161.32	154.59	179.86	**249.69**
S&P 500	100.00	126.46	145.51	148.59	172.37	**228.19**
SNL Insurance P&C	100.00	108.11	128.91	130.33	153.85	**203.82**
ProAssurance Corporation	100.00	101.76	114.82	152.23	172.74	**202.89**

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